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SUBJECT: REFERENDUM RESULTS: PRICEY WRINKLE TO THE FIVE

PLUS TWO

Classified By: Minister-Counselor for Political Affairs Alice G. Wells. Reasons: 1.4 (B/D)

11. (C) Foreign Minister Lavrov's short statement encapsulates GOR reaction to the referendum: the results were no surprise and the partners should return to the talks. MFA Transnistrian negotiator Valeriy Nesterushkin contended that the Transnistrians will most likely demand removal of the post-March 6 customs regime before joining the Five Plus Two. According to Nesterushkin, a stream of Transnistrian officials will visit Moscow in the near future to discuss next steps.

Resumption of the Five Plus Two not that simple

12. (C) While Nesterushkin supported an eventual resumption of talks, he rejected suggestions that the Five Plus Two resume meeting in Chisnau as early as October 18. The situation is much more complicated now that Transnistrians are "fortified" by the referendum. Transmistrians will most likely demand removal of the export regime before they join the talks. Nesterushkin preferred the EU's proposal -- two separate Five Plus One meetings, where Moldova and Transnistria meet separately with the outside partners, instead of a hasty resumption of the Five Plus Two. Nesterushkin warned that the Five Plus Two is not meant to be a show and a failure -- Transnistria's "no show" -- will jeopardize the existing frame of negotiation. Regarding the export regime, Nesterushkin emphasized the 1997 Moscow document, which granted a special status to Transnistria with its own external market. He blamed his "partners" in negotiation for having "dismantled" these previously agreed principles.

Bandit or not, this is Reality

¶3. (C) Nesterushkin expected to consult with Transnistrian officials, including "Foreign Minister" Valeriy Litskai, who plan to visit Moscow soon. Whether some people call Smirnov a bandit, Transnistria a black hole of Europe was irrelevant. Transnistria has expressed itself. We are simply going to have to deal with it. He added, "After all, the U.S. dealt with Noriega although it was clear to everyone else that he was a bandit."

What Next?

¶4. (C) Once again, Nesterushkin did not provide any clarity on how Russia will proceed vis-a-vis Transnistria in the long run. He said that all parties should come to the table with no emotion or wishful thinking. If the OSCE proposal works,

he would be happy but he cannot be so optimistic. Nesterushkin did not directly comment on Transnistrian plans for integration with Russia, but jokingly asked whether the U.S. would want the Marshall Islands to become part of the U.S.

 $\P5.$ (C) Comment: Nesterushkin's comments do not fully track with Russian Security Council Secretary Igor Ivanov's point to the Ambassador that the partners need to sit down and talk (Ref C).

BURNS